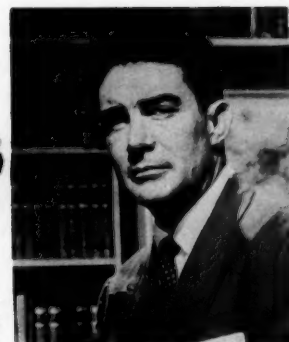


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DAN SMOOT

American-Soviet Relations — Part I

The problem of American-Soviet relations both underlies and overrides every other national problem we have. Every crisis — whether it hinges on a domestic issue like inflation and taxation, or on an international situation developing in Berlin or Formosa, or on a major problem of national defense — rests on the question of what to do about American-Soviet relations.

It would be helpful if we had a full, authoritative record of our official relations with the Soviets. We do not have, because the State Department will not publish it. The most recent volume on our dealings with the Soviets was published in 1952. Its full title is Foreign Relations of the United States: Diplomatic Papers: The Soviet Union, 1933-1939. The book is a chronological collection of confidential inter-office State Department memoranda, cablegrams, letters and other official documents; texts of newspaper articles and radio broadcasts; and miscellaneous correspondence and press releases, reflecting the history of American-Soviet relations during the six-year period, 1933-1939, and giving some background for that period.

This week, and next, this Report will consist of excerpts and abridgements from that State Department volume. Week after next, official information on American-Soviet relations, from other sources, will be published in the Report, together with informed opinions on how America should handle the problem of relations with the Soviets.

Non-Recognition

In March, 1917, the czar of all the Russias was forced from his throne and taken into protective custody by Kerensky revolutionists.

In November, 1917, the bolsheviks, a small group of ruthless political gangsters, seized power from Kerensky, murdered the czar, and instituted in Russia a blood bath which horrified the civilized world.

Lenin and Trotsky led this orgy of human butchery.

In June, 1918, having murdered or terrorized the opposition into silence, the Soviet regime of Lenin and Trotsky attempted to establish formal diplomatic relations with the

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United States. They wanted such relations for three principal reasons: (1) consular posts and an embassy inside the United States would provide diplomatic immunity and free movement to Soviet espionage agents, saboteurs, and propagandists who were already directing communist infiltration of American institutions and attempting to foment revolution there; (2) American recognition would make credits from American export firms, loans from American banks, and even loans from the United States government possible, thus enabling the Soviets to acquire needed American machinery, industrial equipment, and armaments; (3) American recognition would strengthen the Soviet regime and give it respectability, both at home and abroad — particularly at home, because the Russian people were traditionally friendly toward America.

The bolsheviks' numerous overtures for recognition were rejected by our government.

October 27, 1919, Robert Lansing, Woodrow Wilson's Secretary of State, explained to Congress why it was the policy of the Wilson Administration not to recognize the bolsheviks in Russia:

"The purpose of the bolsheviks is to subvert the existing principles of government and society the world over, including those countries in which democratic principles are already established. They have built up a political machine which, by the concentration of power in the hands of a few and the ruthlessness of its methods, suggests the Asiatic despotism of the early Czars."

In 1920, Bainbridge Colby, another Secretary of State under Wilson, explained again our reasons for not recognizing the Soviets:

"We cannot recognize, hold official relations with, or give friendly reception to the agents of a foreign government which is determined and bound to conspire against our institutions; whose diplomats will be the agitators of dangerous revolt; whose spokesmen say that they sign agreements with no intention of keeping them. . . ."

"The existing regime in Russia is based upon the negation of every principle of honor and good faith, and every usage and convention underlying the whole structure of international law; the negation, in short, of every principle upon which it is possible to base

harmonious and trustful relations, whether of nations or of individuals."

The American policy of not extending diplomatic recognition to the Soviet Union — established by Woodrow Wilson, a Democrat — was maintained by the three Republican presidents who succeeded Wilson: Harding, Coolidge, and Hoover.

American industry—its productive capacity having been abnormally expanded during World War I—wanted post-war foreign markets for its products. Some thought that the starving and ragged millions in Russia could become customers for American goods, but the Wilson policy prohibited trading with the Soviets.

In 1920, Washington lifted its ban on commercial relations with the Soviet Union. This did not mean that our government recognized the Soviets as a legitimate government, nor that it negotiated any commercial treaties with them. It meant only that American business firms were free to conduct whatever business they could with the Soviets.

Private American business firms began making trade agreements with Soviet trading representatives, but soon found such trade unprofitable, if not impossible. Commerce was a monopoly of government in the Soviet Union. Private American firms, trying to do business with a foreign government which had no money or credit and which was regarded by the American government as a barbaric outlaw band, were hopelessly handicapped. The foreign trade of Russia—even under the czars—never did amount to much. The Soviets actually eliminated all foreign trade: that is, they outlawed foreign trade as an economic activity of the people, taking control of it as an exclusive activity of government, and using it as a political means of promoting governmental policy.

But American business interests—although they could not trade profitably with the Soviets—could not forget those millions of potential customers in the Soviet Union. As

the great depression settled upon the United States in the early 1930's, pressures began to build up — in the American business community, as in other sectors of American life — for our government to extend diplomatic recognition to the Soviet Union, and thus open up the great Russian market for American goods.

The Hoover Administration, on its last day in office, was still resisting these pressures.

On March 3, 1933 (Herbert Hoover's last day in office), Hoover's Under-Secretary of State wrote an official letter to Fred L. Eberhardt, President of Gould and Eberhardt, manufacturer of machine tools, Newark, New Jersey. Mr. Eberhardt's firm had been doing business with Russia and had written the State Department expressing an interest in American recognition of the Soviet Union. The State Department told Mr. Eberhardt:

"The Department is not in a position . . . to make any statement with respect to the attitude which will be taken . . . by the administration which will come into office on March 4, 1933. I can assure you, however, that those who have participated in the formulation of the policies of this Government with respect to the Soviet regime have given much thought to the question of how trade relations between this country and Russia may be conducted most advantageously under present conditions, and that they have made decisions of policy with respect to Russia only after a careful consideration of the various factors involved.

"This government has taken the position that it would be unwise for it to enter into relations with the Soviet regime so long as the present rulers of Russia persist in aims and practices in the field of international relations which are inconsistent with international friendship. . . . This government has been of the opinion . . . that any real or lasting benefit to the people of the United States would not be attained by the establishment of relations with Russia until the present rulers of that country have given evidence that they are prepared to carry out in good faith the international obligations which experience has demonstrated are essential to the development of friendly intercourse and commerce between Nations. . . .

"This Government, although not prepared to enter into diplomatic relations with the present regime in Russia, imposes no restriction on trade with that country. . . . The Department (of State) has endeavored to reduce to a minimum the difficulties affecting com-

mercial relations between the United States and Russia. . . . The marked decrease in our exports to Russia which took place during the last year has not been due to the absence of diplomatic relations between the United States and Russia, but primarily to the decline of Russia's purchasing power and to the circumstance that credit terms more favorable than American exporters have been willing to grant have become available to Soviet purchasing agencies in various other countries, such as Germany, England, Italy, etc. . . . as a result of the fact that Governments of those countries have been underwriting credits extended by their nationals to (the Soviets). . . .

"It is not believed that the mere act of recognition of the Soviet regime would make it possible for the Soviet authorities appreciably to increase their purchases in the United States. There is no question that at the present time the rulers of Russia are desirous, in their own interests, of purchasing more goods in this country. Their inability to increase their purchases appears to arise from the circumstance that they are unable either to pay in cash or . . . to obtain credit terms acceptable to them."

That was the last word of the Hoover Administration on the subject of recognizing the Soviet Union.

Writing his memoirs years later, Herbert Hoover said:

"My own reasons, when President, for refusal of recognition (to the Soviet Union) can be stated in homely terms. If one of our neighbors is wicked in all his relations with the community, we do not necessarily attack him. . . . But we do not establish his respectability in the community or offer him opportunities to extend his wickedness by asking him into our home.

"At the time of recognition (November, 1933) it was known to the entire world that more than five million people had been cruelly butchered in Russia. Millions were in Siberian slave camps. Bloody terror and murder of innocent people were rampant.

"Although detailed knowledge as to Soviet aggressive intentions to destroy the free world and the determined immorality of their procedures was available from their own books, speeches, and actions, these were wholly ignored by Roosevelt."

* * * * *

Roosevelt Recognizes the Soviets

On March 4, 1933, Franklin D. Roosevelt was inaugurated.

At the outset, Roosevelt made it clear to Cordell Hull, his Secretary of State, that the Soviet Union was to be recognized, and he urged the State Department to speed preparations.

In 1933, however, career diplomats in the State Department, schooled in the old policy of not recognizing the Soviet Union, were cautious in laying the groundwork for the abrupt shift in policy that Roosevelt wanted.

On July 27, 1933, the chief of the State Department's Division of Eastern European Affairs, in a memorandum to Cordell Hull said:

"The experience of countries which have extended recognition to the Soviet government has shown... that there are serious obstacles in the way of establishment of relations with Russia... and that so long as these obstacles remain, official relations... tend to become... the source of friction and ill-will, rather than the main-spring of cooperation and good will...."

"The fundamental obstacle in the way of establishment (of normal diplomatic relations) with Russia... is the world revolutionary aims and practices of the rulers of that country. It is obvious that, so long as the communist regime continues to carry on in other countries activities designed to bring about ultimately the overthrow of the government and institutions of these countries, the establishment of genuine friendly relations... is out of the question...."

"It would seem, therefore, that an essential prerequisite to the establishment of harmonious and trustful relations with the Soviet government is the abandonment by the present rulers of Russia of their world revolutionary aims and the discontinuance of their activities designed to bring about the realization of such aims.... This prerequisite involves the abandonment by Moscow of direction, supervision, control, financing, et cetera, through every agency utilized for the purpose, of communist and other related activities in the United States."

"Another serious difficulty in the way of establishment of mutually advantageous relations with the Soviet government is the unwillingness of that government to observe certain generally accepted principles governing the conduct of nations toward each other.... The Soviet government has rejected international obligations which the experience of mankind has demonstrated are vital to the satisfactory development and maintenance of commerce and friendly intercourse between nations...."

"The United States has suffered... as the result of the Soviet policies of repudiation and confiscation (losses totalling) \$628 million...."

"A third major problem... is the difficulties arising out of the profound differences between the economic and social structure of the two countries. Reference is made here specially to the state monopoly of foreign trade in Russia, and to the class character of the Soviet state...."

"Those countries which have concluded trade agreements with Russia... such as Germany, Great Britain, et cetera... have learned to their cost that the application of the 'most-favored nation' principle in treaties with Russia is... 'distorted and ridiculous.'"

"Another question... is the treatment to which foreigners in Russia are subject under Soviet laws and practices.... Soviet practices with regard to arrest and incarceration of foreign nationals constantly lead to friction with foreign states. Matters such as these, involving the question of protection of life and property of American citizens in Russia, should be settled by agreement, in order to create a satisfactory basis for intercourse with Russia."

On September 21, 1933, Cordell Hull, in a memorandum to President Roosevelt, said:

"As you know, recognition of the present regime in Russia has been withheld by the Government of the United States, on account of the failure of the Soviet government to carry out certain international obligations which are considered essential to the maintenance of friendly and mutually advantageous relations between the United States and Russia. The Soviet government, for instance, has repudiated Russian obligations held by the United States Government and by American citizens, and has confiscated the properties of American citizens invested in Russia. More important still, the present regime in Russia has been unwilling up to this time to discontinue its interference in the internal affairs of the United States. Furthermore, there are a whole series of questions arising out of differences between the economic and social structure of the United States and Russia, especially the existence of a State monopoly of foreign trade in Russia...."

"Recognition by the United States is greatly desired by the Soviet authorities, since they are apparently convinced that recognition by the United States would be a factor in preventing a Japanese attack on the Maritime Provinces (of the Soviet Union). The Soviet government also appears to believe that recognition by the United States would open the private banking resources of the United States to the Soviet government, and facilitate the obtaining of credits in

other countries. Finally, there is no question but that the Soviet authorities realize that recognition would strengthen the prestige of the Soviet government, not only abroad, but also at home, where it is faced with tremendous difficulties in carrying out its industrial and agricultural programs....

"I am convinced, from the experience of other countries, that unless we utilize every available means in exerting pressure on the Soviet government in order to obtain a settlement of outstanding problems, there is little likelihood that such problems can be satisfactorily solved. It is evident that if loans of any considerable amount should be extended to the Soviet government, except as a part of an agreement involving a satisfactory settlement of such problems, one of our most effective weapons is taken from our hands."

On October 4, 1933, an assistant secretary of state, in a memorandum to Cordell Hull, said:

"Russia is inclined to a more reasonable attitude toward nations that have not accorded the recognition she seeks, than toward those that have. And, after eagerly seeking and obtaining recognition, she becomes more indifferent in her obligations than theretofore...."

"Immediate and unconditional recognition would not be of any special moral or material advantage...."

On the same day (October 4, 1933), William C. Bullitt, Special Assistant to the Secretary of State, wrote a memorandum to Cordell Hull, in which he said, among other things:

"Before recognition, and before loans, we shall find the Soviet government relatively amenable. After recognition or loans, we should find the Soviet government adamant."

Six days later (October 10, 1933), President Roosevelt wrote to the President of the Soviet Union, saying:

"Since the beginning of my administration, I have contemplated the desirability of an effort to end the present abnormal relations between the 125 million people of the United States and the 160 million people of Russia...."

"If you are of similar mind, I should be glad to receive any representative you may designate to explore with me personally all questions outstanding between our countries."

On October 17, 1933, the President of the

Soviet Union acknowledged President Roosevelt's letter and designated Maxim Litvinov, People's Commissar for Foreign Affairs, to go to Washington and negotiate with President Roosevelt for American recognition of the Soviet Union.

The State Department went to work to draw up proposals which would be acceptable to the American government on the outstanding issues between the Soviet Union and America.

On November 8, 1933, Maxim Litvinov arrived in Washington and began discussions with the regular diplomatic corps; but it soon became apparent to American diplomatic officials that Litvinov had no intention of negotiating with them. He contemptuously rejected every proposal they made.

Litvinov had come to Washington to negotiate personally with President Roosevelt.

On November 10, 1933, after two days of fruitless negotiation with Litvinov and his staff in the regular way, Cordell Hull took Litvinov to see President Roosevelt personally. After a gay and informal chat, Roosevelt suggested that Litvinov return that evening for private discussions with the President.

Litvinov returned. For six days and most of six nights, Roosevelt and Litvinov were in close consultation in the President's study at the White House. Sometimes Roosevelt was attended by State Department aides; sometimes, not. But no record (stenographic or otherwise) was made of any of the negotiations — of what actually happened; what promises were made; what commitments were mutually entered into by Roosevelt and Litvinov.

What the world knows is that in the dying midnight hour of November 16, 1933, Roosevelt and Litvinov established diplomatic relations between the USSR and the USA, by drinking a toast in 3.2 beer.

The only written record of the Roosevelt-Litvinov agreements is contained in the

"Gentlemen's Agreement" between them. This agreement consists of twelve letters, or memoranda, which Roosevelt and Litvinov exchanged in the White House on the evening of November 16, 1933 — and which they both initialed.

The next morning — November 17, 1933 — Roosevelt released these twelve papers for publication, thus notifying Congress, the American people, and the entire world that he, after secret negotiations, had acted for the government and the people of America and had extended the hand of friendship to the rulers of the Soviet Union.

Izvestiya, official newspaper of the Soviet government, hailed the establishment of diplomatic relations as proof that,

"the United States... has at last been compelled to establish normal diplomatic relations... Great interest in the Soviet experiment, attempts to introduce planned economy and to regulate the contradictions of monopolistic capital now going on in the United States, have all been a factor in that complex which has compelled the White House to remove the juridical barrier between the United States and the USSR..."

"The decision of... President Franklin D. Roosevelt... has been the result of the development of relations between the two countries and of that long drawn-out struggle which the progressive elements of the American bourgeoisie had been carrying on for the recognition of the USSR, not to speak at all of those sections of the American people who sympathize with us in principle."

* * * * *

Soviet Debts

Prior to Litvinov's arrival in the United States, Roosevelt's advisors had urged him to get specific commitments on:

- (1) the \$628 million in debts which Russia owed the United States;
- (2) activities of the Communist party inside the United States;
- (3) activities of the communist International which were directed by Soviet government officials from Moscow, and whose known

published aims were to foment revolution inside the United States; and,

- (4) the religious and legal rights of American citizens inside the Soviet Union.

As to the debts: the only thing put in writing was that Litvinov agreed to stay in Washington after diplomatic relations were established, in order to negotiate a settlement. Litvinov returned to the Soviet Union almost immediately after diplomatic relations were established. No beginning had been made on settlement of the debt problem.

The United States government had popularized the idea of recognizing the Soviets by leading Americans to expect a large expansion of trade with the Soviet Union after relations were established.

It was impossible for this trade to expand until the knotty problem of the debts was solved, because the Soviet Union, having repudiated all foreign debts, could not obtain credits. Hence, most of our negotiations with the Soviet Union during the first year of our formal diplomatic relations with them, were devoted to fruitless efforts to settle this outstanding problem.

Before the end of the year 1933, America's first ambassador to the Soviet Union, William C. Bullitt, presented his credentials in Moscow. On Christmas Eve, 1933, Bullitt, in a telegram from Paris, reported on his arrival in Moscow:

"The Soviet Union considered an attack by Japan this spring so probable that it felt it must secure its Western frontier in every way... Attack by Japan upon the Soviet Union is regarded as certain by all members of the Government and Communist Party... in Moscow. Stalin... asked me to try to see to it that the Soviet Union should obtain, in the immediate future, 250,000 tons of old rectified rails from the American railroads... the rails to be delivered at Vladivostok, to complete the double tracking of the Trans-Siberian Railway..."

"I repeatedly emphasized... that the United States had no intention whatsoever of getting into war with Japan, but that our participation in any Far Eastern difficulties would be confined to the use of our moral

influence to maintain peace. . . . The Soviet Union is so anxious to have peace that . . . even our moral influence is valued very highly by the Soviet Government. It is difficult to exaggerate the cordiality with which I was received by all members of the Government, including . . . Molotov . . . and Stalin."

During his first twelve, hopeful days in Moscow (in December, 1933), Bullitt did not try to begin negotiations on the irritating debt and trade problem with the Soviet Union, but he reported that he did casually mention the matter to Litvinov:

"(Litvinov) said that the Soviet Union was not interested in developing a large export and import trade, but hoped to make itself as nearly self-sufficient as possible. On the other hand, if considerable credits could be obtained, the Soviet Union would be glad to continue to buy from the United States considerable quantities of imports of all kinds. . . ."

By February, 1934, the State Department had drawn up a formal proposal for a settlement. The proposal was generous.

The Soviet Union owed us \$628 million. We proposed to settle for the equivalent of \$90 million. But when Bullitt presented this proposal to Litvinov, in Moscow, he was amazed at the anger and the vehemence with which Litvinov rejected every sentence of our proposal.

Litvinov told Bullitt that the Soviet Union

was not interested in building up trade with the United States, that it could get needed industrial equipment elsewhere.

Throughout the year 1934, the only concrete proposal that Litvinov ever made with regard to the debts was that the Soviet Union would settle the \$628 million of American claims against the Soviet Union for \$100 million, provided the United States government would give the Soviet Union an unconditional, no-interest loan for \$200 million.

The Soviets were no longer interested in settling the debt question between the two nations.

Explanation for this can be found in the Far Eastern situation.

The Soviet Union, having wanted American recognition because of its fear of Japan, got what it wanted in the act of recognition.

On first hearing that the United States might establish diplomatic relations with the Soviet Union, the Japanese Minister for Foreign Affairs, in Tokyo, had said:

"If those two countries continue in favorable relations for years to come, they will teach a lesson to the world that capitalism and communism can agree. And if that is realized, it will be unnecessary for Japan to fear communism."

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CITY AND STATE

Hence, because of Japanese respect for America, American recognition of the Soviet Union eased Japan's fear of communism. The easing of this fear relaxed the tensions between Japan and the Soviet Union. When this tension eased, the Soviet Union had no other immediate interest in good relations with the United States.

On May 21, 1934, Ambassador Bullitt put it this way:

"The nub of the matter is this: If the Soviet Government should again become convinced that an attack was likely . . . we should probably find Litvinov willing to reach an agreement on the basis of our proposals. So long as the Soviet Union feels completely secure, I believe that no agreement acceptable to us will be acceptable to the authorities in Moscow. . . . I can recommend no other policy than unruffled patience."

On September 15, 1934, Secretary of State Cordell Hull put the matter more briefly:

"Personally, I have little idea that the Soviet officials will come to any reasonable agreement. Litvinov won his victory when he obtained recognition, and regards everything else as of minor importance."

On January 31, 1935, Cordell Hull wrote the final words on our hopeless efforts to settle the debt question.

"In an effort to arrive at an agreement with the Soviet government with respect to debts, claims, and

credits for trade, negotiations were begun more than a year ago in Moscow and continued in Washington

"The government of the United States indicated its willingness to accept . . . a greatly reduced sum, to be paid over a long period of years. . . . To facilitate the placing of orders in the United States by the Soviet Government on a long-term credit basis, the Government of the United States was prepared to make . . . loans to a very large percentage of the credit granted.

"We hoped confidently that this proposal would prove entirely acceptable to the Soviet Government, and are deeply disappointed at its rejection. . . . The negotiations which seemed so promising at the start must now be regarded as having come to an end."

* * * * *

Source

Information in this Report was taken from a collection of State Department documents published in 1952.

Next week: "American-Soviet Relations — Part II" — from the same source.

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Bound Volumes

Bound Volumes of this Report for 1958 — indexed — may now be ordered for February 1, 1959, delivery.

Price: \$10.00.

Volumes for 1957 are still available. Volumes for previous years have been sold out.

WHO IS DAN SMOOT?

Dan Smoot was born in Missouri. Reared in Texas, he attended SMU in Dallas, taking BA and MA degrees from that university in 1938 and 1940.

In 1941, he joined the faculty at Harvard as a Teaching Fellow in English, doing graduate work for the degree of Doctor of Philosophy in the field of American Civilization.

In 1942, he took leave of absence from Harvard in order to join the FBI. At the close of the war, he stayed in the FBI, rather than return to Harvard.

He served as an FBI Agent in all parts of the nation, handling all kinds of assignments. But for three and a half years, he worked exclusively on communist investigations in the industrial midwest. For two years following that, he was on FBI headquarters staff in Washington, as an Administrative Assistant to J. Edgar Hoover.

After nine and a half years in the FBI, Smoot resigned to help start the Facts Forum movement in Dallas. As the radio and television commentator for Facts Forum, Smoot, for almost four years spoke to a national audience giving both sides of great controversial issues.

In July, 1955, he resigned and started his own independent program, in order to give only one side — the side that uses fundamental American principles as a yardstick for measuring all important issues.

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